Their Lordships of the Privy Council held that there was no relevant difference between the two descriptions of the burden of proof of rebutting the presumption of corruption. In the instant appeal the words implying the burden upon the appellant were "it could not be considered to be consistent with his innocence or be reasonably true on a balance of probabilities." The first limb thereof *i.e.* "to be consistent with his innocence" is a term commonly used by the courts to indicate the ordinary burden of proof upon an accused person on the defence being called, it is the lesser burden also sometimes expressed as "a story which has thrown a reasonable doubt on the truth of the prosecution case – see those cases referred to in *Mallal's* Criminal Procedure 4th Edition 276 under the heading "Explanation consistent with innocence." Such lesser burden if applied can hardly be objectionable.

The next limb *i.e.* "it could not be considered to be reasonably true on a balance of probabilities" is the heavier burden which the law places upon the accused once the presumption comes into effect, as was held in *Rex* v. *Carr Briant*[2] referred with approval in *Public Prosecutor* v. *Yuvaraj* (*supra*).

If we may with respect suggest, the questions raised in the present appeal would not have arisen had the learned Judge confined himself to the time-honoured description of this burden as commended in *Yuvaraj's* case, *i.e.* "on the balance of probabilities."

We dismiss this appeal and would confirm both the conviction and the sentence.

Appeal dismissed.

Solicitors: *H.S. Lim, Teo & Partners.*

SANITA MANUFACTURING (MALAYSIA) SDN. BHD. & ANOR. v. CHANCHAI AROONRATANAWONGSE

[S.C. (Wan Suleiman, Hashim Yeop A. Sani & Syed Agil Barakbah S.C.JJ.) September 10, 1986 & February 15, 1987]

[Kota Bharu – Supreme Court Civil Appeal No. 314 of 1985]

Trade Marks – Registration of trade mark by agent – Entry altered on application of agent without authority – Application to expunge alteration – Trade Descriptions Act, 1972, s. 16(1) – Trade Marks Act, 1976, s. 45(1)(a)

In this case a company in Bangkok by the name of Sanita Manufacturing Co. Ltd. engaged in the manufacture of sanitary napkins entered into an agreement with the second appellant for the sale and distribution of the sanitary napkins in Malaysia and Singapore. The respondent was the managing director of the company in Bangkok. In pursuance of the agreement between them, the second appellant submitted an application to have the "Sanita" trade mark registered in the name of the respondent. The trade mark was duly registered and the respondent became the registered proprietor of the trade mark. Subsequently however the second appellant applied to replace the respondent as the registered proprietor of the trade mark and to insert the name of the first appellant. The first appellant then applied for a trade description order under section 16(1) of the Trade Description Act, 1972. The respondent filed a notice for an order that the entry submitted by the second respondent be expunged from the register and the respondent be restored as the registered proprietor of the said trade mark. Judgment was given for the respondent in the High Court and the appellants appealed.

Held: since there was evidence on which the learned judge relied to hold that the second appellant had fraudulently and without the knowledge and consent of the respondent altered the entry in the Register of Trade Marks, the alteration should be expunged from the register.

Case referred to:

(1) *G.E. Trade Mark* [1973] R.P.C. 297.

[*Cases cited: Noblitt-Sparks Industries Inc.'s Application for Rectification of the Register of Trade Marks* (1950) 68 R.P.C. 168; *"Consort" Trade Mark* [1980] R.P.C. 160; *"Wells Fargo" Trade Mark* [1977] R.P.C. 503; *Mouson & Co.* v. *Boehm* (1884) 26 Ch.D. 398; *"Weston" Trade Mark* [1968] R.P.C. 167; *In re Leonard & Ellis's Trade Mark – Leonard & Ellis* v. *Wells* (1884) 26 Ch. D. 288; "GE" Trade Mark [1970] R.P.C. 339; *Leather Cloth Co.* v. *American Leather Cloth Co.* (1865) 11 H.L. 523, 534; *"Zoppas" Trade Mark* [1965] R.P.C. 381; *"Gynomin" Trade Mark* [1961] R.P.C. 408; *In re Heaton's Trade Mark* (1884) 27 Ch. D. 570; *"Quiet May" Trade Mark* [1967] F.S.R. 27; *William Brandt's Sons & Co.* v. *Dunlop Rubber Co. Ltd.* [1905] A.C. 454; *Letts* v. *Inland Revenue Commissioners* [1956] 3 All E.R. 588; *Lever (Finance) Ltd.* v. *Westminster Corporation* [1970] 3 All E.R. 496; *Wells & Ors.* v. *Minister of Housing and Local Government & Anor.* [1967] 1 W.L.R. 1000; *Re L (AC) (an infant)*

[1971] 3 All E.R. 743; *In re Apollinaris Company's Trade Marks* [1891] 2 Ch. 186.]

HIGH COURT (March 3 & 4, August 11, 1985)

Lim Hong Sang for the plaintiff.

Wong Sai Fong for the first and second defendants.

Cur. Adv. Vult.

Abdul Malek J.: The plaintiff, the managing director of Sanita Manufacturing Co. Ltd., Bangkok, Thailand (hereinafter "the Bangkok Company") had applied by originating motion dated March 11, 1984, for an order that the entry made in the Register of Trade Marks on January 28, 1974, pursuant to Form TM 35 submitted by the second defendant, be expunged from the said Register and that he be restored as the registered proprietor of the said trade marks. At the outset, he had cited the Director of Enforcement, Ministry of Trade and Industry as the third defendant but this was later discontinued when the plaintiff applied for leave to withdraw the originating motion against the third defendant on February 26, 1985, and this was granted by the court on March 3, 1985.

In his affidavits, the plaintiff stated that the Bangkok Company is the registered proprietor of the SANITA trade mark for the manufacture of sanitary napkins in Thailand (exhibits CA-1 and CA-2). By an agreement dated March 20, 1973 between the Bangkok Company and the second defendant, the latter was appointed as agent to distribute SANITA sanitary napkins (hereinafter 'the products") in Malaysia and Singapore (exhibit CA-3). For that purpose, clause 8 of the agreement stipulated that the second defendant as agent was authorised to apply to the Registry of Trade Marks in the name of the Bangkok Company for registration of the said SANITA trade mark.

On March 28, 1973, the second defendant had the said trade mark registered in two Classes in the plaintiff's name. However, on January 28, 1974, without the knowledge, authority or consent of the plaintiff, the second defendant submitted Form TM 35 substituting for the plaintiff the first defendant as the registered proprietor of the said trade marks. On September 19, 1983, the first defendant applied for a trade description order under subsection (1) of section 16 of the Trade Description Act 1972 and had it served on the third defendant. In consequence thereof the plaintiff had been deprived of his proprietary rights to the said trade marks and the loss of its exclusive use. As such he was no longer able to market the products.

In passing, it should be stated here that at the same time on March 15, 1984, the plaintiff had applied for an order that the third defendant be restrained from seizing or detaining the products manufactured by the Bangkok Company until the disposal of the originating motion which order was duly granted by the Court on March 29, 1984. However, on May 30, 1984, the third defendant applied for an order that the order made on March 29, 1984, be discharged and the interlocutory injunction dissolved on the ground that the court had no jurisdiction to grant an injunction against an officer of the Government under section 29 of the Government Proceedings Ordinance 1956 and this was granted by the Court on October 14, 1984. Subsequently, as has been stated earlier, on February 26, 1985, the plaintiff applied for leave to withdraw the originating motion against the third defendant.

In the meantime a few other applications had also been made by the parties. On September 20, 1984, the plaintiff had applied for an order that the first defendant be restrained from publishing or permitting or causing to be published or further published the warning notice dated August 13, 1984, which was published in several local dailies until the originating motion was disposed of which order was duly granted on September 23, 1984. Then on October 14, 1984, the first and second defendants applied for an order that the plaintiff do give security for their costs in the sum of $35,000/– on the grounds that the plaintiff was ordinarily resident in Thailand and has no bank account or attachable assets in Malaysia. In response, the plaintiff filed on affidavit to show a sum of $60,000/– was owing to him. The court granted the application on October 24, 1984, by ordering that a sum of $10,000/– be deposited by the plaintiff in the form of bank guarantee.

The second defendant in reply filed a lengthy affidavit on behalf of both defendants and although before the hearing the plaintiff had given notice to cross examine him, this was later withdrawn at the hearing. In his affidavit, the second defendant admitted having entered into the agreement with the plaintiff but stated that it was never in operation causing it to lapse with the consent and knowledge of the Bangkok Company. He

further went on to say that around March 1973 the firm Wah Seng Loong (hereinafter "WSL") were orally appointed as the distributors in Malaysia and Singapore of the products for the Bangkok Company. It was terminated in mid-1975. The affidavit also stated that:

(a) between March 1973 to mid-1975 WSL had imported into Malaysia for distribution and sale about 18,500 cartons of the products manufactured by the Bangkok Company which total cash value was around $738,300/– and which were sold as products of the Bangkok Company (exhibit LYF 2);

(b) the labelling and set-up of the boxes containing the products consisted of the following indicias;

(i) a floral representation;

(ii) the phrase "self-adhesive sanitary napkins";

(iii) the fact that the products were manufactured by the Bangkok Company; and

(iv) the trade mark SANITA;

(c) there were no legends to show or identify the plaintiff as the proprietor of the SANITA trade mark in Malaysia or the Bangkok Company as the licensed or permitted user thereof;

(d) after WSL had been appointed the Malaysian and Singaporean distributors, the plaintiff instructed the second defendant to submit an application for registration of the trade mark SANITA in classes 5 and 16 in Malaysia which the second defendant did on March 28, 1973, in the plaintiff's name and were given the application numbers M/62085 and M/62086 (it should be pointed out here that in some documents, reference had been made to M/62805 but this is clearly a typographical error);

(e) after March 1973 WSL (of which the second defendant and his brothers were partners) experienced several difficulties including:

(i) a high percentage of damage to the imported products;

(ii) high import duties at the rate of one sen per piece or $4.80¢ per carton;

(iii) high freight charges because of the bulky nature of the products; and

(iv) inconvenience of having individual boxes of the products replaced from Bangkok when damaged;

(f) the second defendant then suggested to the plaintiff in October/November 1973 that it would be more practical and profitable to set up a factory in Malaysia to manufacture the products and the plaintiff, who was representing the Bangkok Company, agreed on condition that he be allowed 25% equity participation. In consequence the second defendant further suggested that TM Nos. M/62085 and M/62086 be transferred or assigned to the Sanita Manufacturing (Malaysia) Sdn. Bhd. (hereinafter "the Malaysian Company") to be set up with an authorised capital of $500,000/– and paid up capital of $300,000/–. The plaintiff agreed provided he did not need to fork out his 25% equity participation. The second defendant felt it was too expensive but the plaintiff felt that that was fair in view of the existing trade and business in Malaysia for the products. The second defendant discussed the matter with his two brothers and they agreed to do so by way of loan to the plaintiff at $25,000/– each (exhibit LYF 4);

(g) the Malaysian Company was finally incorporated on October 15, 1973, with the plaintiff having 25% equity participation (exhibits LYF 7, 8 and LYF 9);

(h) as a result thereof and with the authority and consent of the plaintiff, the second defendant caused Form TM 35 to be filed on January 28, 1974, against M 62085 and 62086 after getting the advice of the Registrar of Trade Marks and which were duly gazetted (exhibits LYF 5 and LYF 6);

(i) the second defendant was then advised by his counsel that a nominal sum should be paid to the plaintiff for the transfer/assignment of the trade mark and this was effected on March 20, 1976 (exhibits LYF 10 and LYF 11);

(j) the Malaysian Company started to manufacture the products around October 1975 until August 31, 1981, when the factory was destroyed by fire (exhibit LYF 12). Throughout this period, the second defendant claimed that the plaintiff was fully aware that the Malaysian Company was involved in the manufacture of the products and that the Bangkok Company had ceased to import it into Malaysia. During that period the Malaysian Com-

pany sold the quantities of the products and incurred advertising expenses as shown in exhibit LYF 13 amounting to $1,771,060 ringgit. Samples of the advertisements are found on exhibit LYF 14 and the total number of outlets selling the products numbered 8182 (exhibit LYF 15);

(k) after the August 1981 fire, the second defendant negotiated with the plaintiff to manufacture the products for and on behalf of the Malaysian Company and the plaintiff was provided with the artwork and transparencies which showed that the products with the SANITA trade mark were imported by the Malaysian Company. The labelling particulars did not identify the plaintiff or the Bangkok Company as the owner of the SANITA trade mark;

(l) this arrangement continued until January 1982. The sales volume documents (exhibit LYF 16) and advertisement charges (exhibit LYF 17) are in the name of Boustead who were the first defendant's agents and distributors. The import documents are in exhibit LYF 18;

(m) around March 1982 the Malaysian Company resumed manufacture of the products up to date (exhibit LYF 19) and the Bangkok Company ceased to do so since;

(n) around the middle of 1983, the Bangkok Company began to export into Malaysia the products in an exact tradedress as the products manufactured by the Malaysian Company which has caused the Malaysian Company serious loss and damage.

In response to this, the plaintiff filed an affidavit in reply stating that he had in fact filed an application to the Registrar of Trade Marks on March 28, 1973, in Forms TM 6 and TM 1 (exhibits CA 1 and CA 2) and this was duly gazetted on November 13, 1973 (exhibit CA 3).

The plaintiff further maintained that the said agreement was signed by the second defendant on behalf of WSL and this was later transferred to the first defendant. The setting up of the Malaysian factory was solely for the purpose of maximising profits. He also stated that the second defendant's application in Form TM 35 was fraudulent and without his consent and knowledge.

The plaintiff also stated that he resumed exporting the products in mid-1983 only after the expiry of the ten-year period stated in the agreement and became aware of the fraudulent act of the second defendant only when the third defendant threatened to seize his products.

It is now necessary to review the following matters raised by counsel on both sides.

As regards *locus standi,* I found no merit in the submission of learned defence counsel that the plaintiff had none. It is true the original agreement was made between the Bangkok Company and the second defendant but it is not disputed that the plaintiff was the managing director of the Bangkok Company and was the person with and to whom all the dealings and correspondence were done and channelled. This is evidenced by all the affidavits and annexures pertaining thereto. The plaintiff was also the person registered as the proprietor of the trade mark on March 28, 1973, which was gazetted in P.U. (B) 482 the same year. I therefore held that in the circumstances the plaintiff had the *locus standi* to bring this originating motion as an aggrieved person.

As regards the relevant law, the Trade Marks Act 1976 (hereinafter "the Act") came into force on September 1, 1983, and this originating motion was filed on March 11, 1984. The offending change of name for which this rectification is sought was made on January 28, 1974, and I was of the view that the relevant law that governs it at the time the originating motion was filed was the Act and not the Trade Marks Ordinance 1950 (hereinafter "the Ordinance"). No doubt prior to September 1, 1983, it was the Ordinance that governed the registration of this particular trade mark but on the passing of the Act and with the provisions contained in section 2 thereof, all the registrations under the repealed ordinance came under the purview of the Act. Therefore the Act is the governing law at the time the originating motion was filed. In any case section 45 of the Act is actually the same as section 46 of the repealed ordinance and the new law only had the effect of maintaining this provision.

It is not in dispute that the original application for registration of the trade mark was made on March 28, 1973, in the name of the plaintiff about a week after the agreement between the plaintiff and the second defendant. It is not disputed that the products of the plaintiff were in fact

sent into Malaysia by the second defendant for the period from the date of the agreement to October 1975. The second defendant contended in his affidavit at paragraph 3(b) that the agreement was never in operation because it was not him but WSL which had imported the products. I fail to understand the logic of this argument as WSL was in fact a company belonging to the second defendant and his two brothers which was incorporated on October 15, 1973. The second defendant stated in his affidavit at paragraph 3(c) that WSL was orally appointed in March 1973 to distribute the products. This was averred with the intention of showing that the agreement was never in operation but I was of the opinion that the taking over of the distributorship by WSL partly owned by the second defendant had the effect of showing that it was in line with the concept of "permitted assigns" stated in the agreement between the second defendant and the Bangkok Company. The agreement therefore to my mind had in fact been in operation since its commencement. However, it ceased to operate in October 1975 for reasons which I shall state later.

Between October 1975 and August 1981, the Malaysian Company manufactured the products because, as the second defendant had stated in his affidavit, WSL had experienced the following difficulties:

(i) a high percentage of damage to the imported SANITA sanitary napkins;

(ii) high import duties at the rate of one sen per piece or $4.80 per carton;

(iii) high freight charges because of the bulky nature of the sanitary napkins; and

(iv) inconvenience of having individual boxes of the sanitary napkins replaced from Bangkok when damaged,

and the plaintiff had stated in his affidavit that it was for the purpose of maximising profits. The second defendant in any case had stated in his affidavit at paragraph 8(g) that this arrangement was adopted because it was "more practicable and profitable." It follows therefore the joint contention was that the agreement between the Bangkok Company and the second defendant purportedly still subsisted at that stage except that there was a variation as regards the country of manufacture. However, I was of the view that the agreement could not very well continue in its original form as the products had to be purchased for resale from the Bangkok Company and not the Malaysian Company. Nevertheless this, to my mind, did not affect the plaintiff's application as we are not concerned as to whether the original agreement was still in existence but whether the plaintiff was aware of the submission of TM 35 by the second defendant after the new arrangement. Be that as it may, this arrangement was terminated by a fire in the Malaysian Company factory at the end of August 1981 following which the Malaysian Company told the Bangkok Company to manufacture the products once more thus reverting to the 1973 – 1975 procedure till January 1982 at which time the Malaysian Company manufactured the products again. Thereupon the plaintiff started to export the products again to Malaysia after the expiry of the agreement at which time he was threatened with seizure of the products by the Ministry of Trade and Industry which resulted in this present originating motion. It is pertinent to note here that the conduct of the plaintiff in this respect also apply demonstrated that he was of the impression that there was nothing amiss as regards the original agreement and the subsequent variation and that he was quite unaware of the second defendant's action on January 28, 1974.

At the time of the change of name on January 28, 1974, I had earlier held that the Ordinance was the relevant law. Let us now consider whether TM 35 was the proper form then. The change of name was purportedly made under section 44 of the Ordinance read with rule 80 of the Trade Marks Rules 1951. Section 44 states that the application must be made by the registered proprietor but rule 80 goes on to say that it may be made by such person as may satisfy the Registrar that he is entitled to act in the name of the registered proprietor. On the question of whether TM 35 is the proper form, I would find on these provisions that it was, since apart from the fact that it was the form prescribed by the Rules for this sort of application, the Registrar must have acted on the notion that since it was the second defendant who had filed the application for registration for the plaintiff in the first instance on March 28, 1973, he was "entitled to act in the name of the registered proprietor." I do not agree with counsel for the plaintiff that TM 35 is not the proper form to displace a registered proprietor as paragraph (b) of subsection (1) of section 44 of the Ordinance covers a change of name, address or description of the person who is registered as proprietor of a trade mark. However, I held that it was an error on the part of the Registrar to consider the

second defendant as a person "entitled to act in the name of the registered proprietor." At the least, I was of the view that the second defendant should have registered himself as agent first before the Registrar could treat him as someone who was entitled to act for the plaintiff in such an application. This is because in the original application the second defendant had given his address only as an address of service.

The next question to decide is whether the Bangkok Company had abandoned or assigned the trade mark to the Malaysian Company by the 25% equity participation. The second defendant had stated that in view of certain import and distribution difficulties, he had in October/November 1973 suggested to the plaintiff to allow the Malaysian Company to manufacture the products in Malaysia whereupon the plaintiff agreed provided he was given 25% equity participation. The sum of $75,000/– was then agreed to be paid to the plaintiff by way of loan of $25,000/– each from the second defendant and his two brothers who later set up the Malaysian Company. The plaintiff says this was purely for maximising profits in view of the difficulties faced by WSL but the second defendant avers that this was an assignment of the trade mark. Now, if this was an assignment, surely the plaintiff and the second defendant would have submitted the proper forms to the Registrar of Trade Marks to effect the same. The fact that they did not and the fact that WSL continued to import the products for another two years after that from the Bangkok Company showed that this was not so. The $75,000/– to my mind was not for the sale, transfer or assignment of the trade mark but for the purchase of shares, in view of the 25% equity participation, by the plaintiff in the Malaysian Company and this was merely a variation as regards the country of manufacture as far as the plaintiff was concerned. This view is strengthened by the fact that on March 17, 1976, the Malaysian Company paid the plaintiff $1,000/– vide a letter with the heading "Re: Royalties of Sanita Trade Mark" which was acknowledged by the plaintiff the following day. This to the court had the effect of misleading the plaintiff that he was still the owner of the trade mark as late as March 1976.

The last question to be decided now is whether there was fraud on the part of the second defendant. It has to be noted that the original application for registration of the trade mark was submitted on behalf of the plaintiff by the second defendant who only gave his address as the address for service. It should be kept in mind too that the plaintiff signed the application himself and there was no submission of Form TM 2 as required by the 1951 Rules for the agent. When the TM 35 form was submitted by the second defendant on January 28, 1974, he signed the application himself. If as the second defendant had affirmed in his affidavit that he had done so because of the new arrangement, why did he not tell the plaintiff so and why was not the subsequent application on TM 35 signed by the plaintiff? He said he acted on the advice of the Registrar of Trade Marks but surely this was based on the facts given by him to the Registrar. The fact that there is nothing to show that the plaintiff was involved in this application merely shows that he was totally unaware of it.

Despite the submission of this TM 35 the arrangement under the agreement continued for almost another two years. The Court had held that the 25% equity participation by the plaintiff in the Malaysian Company was by way of loan to the plaintiff by the second defendant and his two brothers for the allotment of shares. Nothing was stated that this was in exchange for the plaintiff's trade mark. There was no written agreement to this effect and no valid assignment on record. Two relevant factors should be noted here. If as the second defendant had stated that this was for taking over the plaintiff's trade mark, he should have registered the change of name only when the local production of the products commenced in October 1975. However, we know that this offending act had been done as early as January 1974. Secondly, if the $75,000/– was for the purchase of the trade marks, why did the Malaysian Company give to the plaintiff another $1,000/– purportedly for the "transfer" as stated in their letter dated March 19, 1976? There was a lapse of well over two years. Why is there a need to purchase two years later anyway if the change made on January 20, 1974, was valid? To my mind, this only illustrated that there was in fact no such transfer or assignment of the trade marks. At this juncture I would also like to mention that learned defence counsel had raised the issue that there is no evidence that the plaintiff was the proprietor or user. I held that there was no substance in this submission as the definition of "trade mark" in, and the other relevant provisions of, the Ordinance are quite implicit on the question of user and also because the plaintiff had in fact been entered as the proprietor of the trade marks on March 28, 1973, and this fact had been duly advertised.

Later we are told the Malaysian Company factory was gutted by fire at the end of August 1981. The second defendant instead of making arrangements locally for the manufacture of the products, if as he said the agreement was never in operation and that the trade marks had been transferred, got the plaintiff to agree to the Bangkok Company doing so in line with the original agreement. This went on till early 1982.

To my mind, it did not matter whether or not the original agreement was still subsisting. What was important was that the plaintiff was totally unaware of the TM 35 being submitted by the second defendant about 10 months after the original application as he did not sign it and did not authorise the second defendant to make the application for change. The plaintiff's involvement in the Malaysian Company to manufacture the products so as to eliminate the difficulties faced by the second defendant and to maximise profits for both parties was, as the Court had found, by way of equity participation which he had paid for by way of purchase of shares from a loan given by the second defendant and his two brothers at $25,000/- each. It is also clear that the $1,000/- given to him in March 1976 was by a letter with the heading on royalties. In August 1981 when the Malaysian Company factory was destroyed by fire and put out of operation, the plaintiff had agreed to continue on the original agreement when requested by the second defendant. When the 10-year period expired, the plaintiff continued exporting the products into Malaysia again. To the Court, these factors and series of events could only have one effect on the plaintiff's mind and that was he was still the registered proprietor of the trade marks all along.

Having made all the preceding considerations, I therefore found that there was indeed *mala fide* on the part of the second defendant in registering TM 35 on January 28, 1974. In the result, I held that the plaintiff's application should be granted and in line with section 69 of the Act accordingly now order that the entry made in the Register of Trade Marks on January 28, 1974, pursuant to Form TM 35 submitted by the second defendant be expunged from the said Register and that the plaintiff be restored as the registered proprietor of the said trade marks. The plaintiff is also granted costs of this application.

Application allowed.

[The defendants appealed to the Supreme Court.]

SUPREME COURT.

Wong Sai Fong for the appellants.
Lim Hong Sang for the respondents.

Cur. Adv. Vult.

Hashim Yeop A. Sani S.C.J. (delivering the Judgment of the Court): To the uninitiated this case provides an excellent illustration of the intricacies of the business world where rivalry even between business partners is not uncommon. The respondent and the second appellant were partners in business in 1973 but in less than a year thereafter became rivals in the same undertaking.

A brief background note on the case is necessary. On March 20, 1973, a company by the name of Sanita Manufacturing Co. Ltd., Bangkok (the Bangkok Company) engaged in the manufacture of sanitary napkins of which the respondent was the managing director entered into an agreement with the second appellant for the sale and distribution of sanitary napkins in Malaysia and Singapore. In the agreement the second appellant was appointed sole agent to distribute the goods in the territories concerned.

There are four important provisions in the 1973 agreement. The first provision dealt with the conferment on the second appellant of the exclusive rights to purchase for resale of the goods produced by the Bangkok Company in the territories concerned. The second provision dealt with the covenants by the Bangkok Company and the agent. The covenants included the undertaking not to sell any of the products to any other person within the territories concerned. The covenants also included the undertaking to safeguard the sole and exclusive rights granted to the agent. The covenant by the agent was expressly to sell the products and to promote the products as much as possible. The third provision dealt with the authorisation by the Bangkok Company to the agent to make application to the Registry of Trade Marks or any other government body for registration of all trade marks, emblems, designs, patterns and all other industrial or commercial monopoly rights within the territories concerned and such applications to be made in the name of the company. The fourth provision dealt with the operation of the agreement which provided to the effect that after the expiration of ten years from the date of the agreement either party shall have the right to determine the agreement by giving six calendar months' notice in writing.

Pursuant to the 1973 agreement the second appellant on March 28, 1973, submitted to the Registry of Trade Marks, Kuala Lumpur to have the "Sanita" trade mark registered in the name of the respondent. By virtue of the said registration the respondent became the registered proprietor of the trade mark. However it was alleged by the respondent as plaintiff in the court below that on January 28, 1974, the second appellant without his authority or consent fraudulently submitted Form TM 35 to replace the respondent as the registered proprietor of the trade mark and to insert the name of the first appellant, that is Sanita Manufacturing (Malaysia) Sdn. Bhd. (the Malaysian Company). On September 19, 1983, the first appellant applied for a trade description order under sub-section (1) of section 16 of the Trade Description Act 1972.

On March 11, 1984, the respondent filed a notice of originating motion for an order that the entry in the Registry of Trade Marks on January 28, 1974, pursuant to Form TM 35 submitted by the second appellant be expunged from the said register and the respondent be restored as the registered proprietor of the said trade mark.

In his affidavit in support of the notice of motion the respondent alleged fraud on the part of the second appellant and that the second appellant in submitting Form 35 to effect the alteration was acting outside the purview of his capacity as agent under the 1973 agreement and as a result of the deprivation of his proprietary rights in the trade mark the respondent has suffered losses.

There are many subsidiary issues which need not be resolved presently. For example, what was the effect on the 1973 agreement by the formation of the Malaysian Company which began to manufacture the same products between October 1975 and August 1981 when the factory was destroyed by fire. After the 1981 fire, importation of the products from the Bangkok Company with the "Sanita" trade mark resumed although the labelling particulars did not identify the respondent as the owner of the trade mark.

But the main issue is really quite straightforward. It is the question whether the act of the second appellant on January 28, 1974, was done without knowledge or authority or consent of the respondent and whether it was fraudulently done to deprive the respondent of his rights as the registered proprietor of the said trade mark. The learned judge made the finding in the affirmative.

In his written judgment the learned judge made several vital findings relating to this issue. (See *supra* page 224). A summary of the arguments relied on by the learned judge may be stated as follows:

(1) It is not in dispute that the Malaysian company had agreed to give 25% equity participation to the respondent and this equity participation was made possible by way of a loan of $25,000/- each from the second appellant and his two brothers who set up the Malaysian company. The learned judge was of the view that the equity participation had nothing to do with the sale, transfer or assignment of the trade mark. He felt that his view was strengthened by the fact that on March 17, 1976, the Malaysian company paid the respondent $1,000/- *vide* a letter with the heading "Re: Royalties of Sanita Trade Mark" which was acknowledged by the respondent on the following day. The learned judge held that as on March 17, 1976, it was clear that the appellants still regarded the respondent as the proprietor of the said trade mark. He also held that the payment of royalty had the effect of misleading the respondent that he was still the owner and proprietor of the trade mark although his name had been substituted by that of the Malaysian company in 1974.

(2) On the question of fraud the learned judge gave his reason that the original application for registration of the trade mark was submitted on behalf of the respondent by the second appellant who only gave his address as the address for service. It should also be borne in mind that the respondent in the first instance signed the application himself but not when TM 35 Form was submitted by the second appellant on January 28, 1974. The learned judge asked why was not TM 35 signed by the respondent then as in the first case. The learned judge found that the respondent was not involved in the second application and that he was totally unaware of it.

(3) The learned judge also considered the argument by the appellants that the equity participation was in fact the purchase of the trade mark. He concluded however that there was in fact no transfer or assignment of the trade mark by virtue of the equity participation.

With respect we agree with these findings of the learned judge which findings were in fact based on the affidavits filed before him.

We might add however that the argument put forward by the second appellant in the court below would seem to have many loose ends. In his affidavit in opposition the second appellant alleged that there was an "oral appointment" by the respondent of one firm, Wah Sang Loong of No. 11, Jalan Silang, Kuala Lumpur as the distributor of the sanitary napkins of the Bangkok Company in March 1973. But it was revealed subsequently that that firm belonged to the second appellant and his two brothers.

It was also alleged by the second appellant that the 1973 agreement ceased to operate and was terminated by mutual consent in mid-1975 after the firm, Wah Sang Loong, began to experience difficulties due to high percentage of damage and high import duties of the goods. It was also because of these difficulties which led to the formation of the Malaysian Company to manufacture the same products. But according to clause 10 of the 1973 agreement the agreement was to operate for ten years and only after the expiration of ten years from the date of the agreement will either party have the right to give six calendar months' notice of termination. We find no evidence that the agreement was terminated orally or otherwise in mid-1975. In fact the only evidence of termination was by the respondent referred to in his affidavit affirmed on October 22, 1984, in that he had sent the notice of termination to the second appellant on February 21, 1984.

The fact that a mark is entered upon the register is *prima facie* evidence of the validity of the original registration and of the right of the registered proprietor to the exclusive use of the mark. See also *G.E. Trade Mark.*[1]

Section 45(1)(a) of the Trade Marks Act 1976 reads:

"The Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as it thinks fit."

This case can be viewed either as an entry made without sufficient cause or as an entry wrongfully remaining in the register. Since there is evidence on which the learned judge relied (with which we agree) to hold that the second appellant had fraudulently and without the knowledge and consent of the respondent altered the entry on January 28, 1974, the alteration should be expunged from the register.

We accordingly dismiss the appeal with costs and affirm the order of the learned judge.

Appeal dismissed.

Solicitors: *Shearn Delamore & Co.; H.S. Lim, Teo & Partners.*

MUSTAFA BIN OSMAN v. PATIMA BTE AHMAD

[O.C.J. (Wan Yahya J.) February 26, 1986]

[Malacca — Civil Suit No. 277/77]

Land Law — Claim for one-third share in land — Whether held on trust for plaintiff — Conflict of claims — Resolution of conflict — Whether land purchased exclusively for defendant's use or jointly with plaintiff — Counterclaim by defendant.

The subject matter of this case was land Lot No. 67, Town Area XXXVI, Malacca, registered in the name of the defendant, whose husband (Jalil) is the elder brother of the plaintiff by a different mother. The plaintiff, a lawyer's clerk, sought a declaration that one-third share in Lot 67 is held by the defendant on trust for him absolutely. He also sought an order that the defendant do execute a valid and registrable transfer of the said one-third share to him. The parties had enjoyed good relationship until this unfortunate episode. The story began in 1972, when the defendant signed the agreement for the purchase of Lot 67 from Pon binte Mohd. in the presence of an advocate and solicitor, the employer of the plaintiff. According to Pon's husband (D.W.1), a sum of $3,000 out of the selling price of $4,750 for the land was paid by Jalil. The remaining amounts were to be paid by instalments of $80 per month.

The plaintiff claimed that he had negotiated to buy the land for his own use. As he had no money, he had approached his brother, Jalil, for a loan to purchase the land. Jalil said that he had only $3,000 and so he suggested the land be bought jointly, with Jalil paying $3,000 and the balance to be paid by the plaintiff. The plaintiff said that the purchase price was agreed at $4,750 out of which $3,000 was paid in cash and the balance in instalments of $80 per month. The plaintiff called his three brothers to give evidence. The dispute rested upon the learned Judge's resolution of conflicting claims. The entire episode boiled down to one question of fact, *i.e.* was the land purchased by the defendant's husband exclusively for his wife's use or was it purchased jointly with the plaintiff?

Held, dismissing the plaintiffs claim with costs: (1) the plaintiff did not make the entire payment of $1,750 and